Vancouver, BC: Financing Growth

The Need For A Policy

Vancouver is growing, in line with regional and city plans. The benefits of managed growth include environmental protection, increased economic activity, and a wider variety of housing.

Having more people in the city also increases demands for more facilities:

- Parks
- Libraries
- Childcare facilities
- Bikeways, greenways, streets and other transportation infrastructure
- Cultural facilities
- Community centres, rinks, and pools
- Social facilities, like neighbourhood houses
- Non-profit and social housing
- Police stations and fire halls

To address these needs arising from the new growth, the City of Vancouver relies on a variety of financing tools: chiefly, the capital plan, supported by property taxes, and revenues raised from new developments.

The Principles

The policies for financing the city's growth from new development were designed in accordance with the following principles:

- Community livability should be maintained as the city grows
- New development should contribute to paying for its growth costs and impacts
- The costs of city facilities and services should be shared fairly among new and existing development, and among various types of developments
- The economic impact of charges should not deter development or reduce housing affordability
- The system should be citywide, predictable, transparent and as simple as possible so that developers can anticipate the requirements and communities can expect developments to provide for appropriate local needs
- There should be consistency among financing growth policies and other City policies
- Provide certainty yet allow for flexibility where necessary (e.g., re-zonings with special opportunities)
- The system should reflect broad input from all stakeholders

The Tools

Because property taxes do not cover all of the costs of growth, new development helps pay for facilities to serve the city's growing population:

Development Cost Levy (DCL): A charge on new developments to help pay for growth-related needs for parks, transportation facilities, childcare, and replacement (social/non-profit) housing. Rates for Vancouver citywide area are:

Type of Development	DCL Rate
Residential Uses up to 1.2 FSR	$1.75/sq. ft.
Residential over 1.2 FSR, Commercial, Others	$6.00/sq. ft.
Industrial Zoning	$2.40/sq. ft.

Note: DCLs cover most of the city, but some sub-areas have their own charge systems based on previous area-specific planning, and are not subject to the citywide policy. These areas are excluded from the citywide area and their area charge systems remain in place.

Community Amenity Contribution (CAC): A monetary or in-kind contribution charge on additional density which has been approved by City Council through a rezoning. CACs can be used to secure a wider variety of amenities than DCLs. The CAC is $3/square foot (on additional density) for "standard" re-zonings. "Non-standard" re-zonings (i.e., sites downtown or large sites) have a negotiated CAC. As with DCLs, some sub-areas are excluded from the citywide CAC Policy and their area charge systems remain in place.

The City examined the role that DCLs and CACs play in the land development market. View the summaries: "Urban Development Charges: Who Pays?" and "Market Implications of Full Cost Recovery".

Financing Growth Policies

In the year 2000, City Council approved interim citywide DCLs and CACs and asked staff to undertake a review of the policies for growth-related charges. The process, called the Financing Growth Review, provided information for the first time on citywide growth costs and how they fit into the City budget context. As well, the review included market impact studies and comparison with other municipalities. The resulting report (June 2002) presented policy choices with their implications and preliminary staff recommendations.

On June 24, 2003, after an extensive public process, Council adopted a set of Financing Growth policies to guide the collection and allocation of a citywide DCL and CAC. The policies reflect the Financing Growth principles (see *The Principles*) and give rise to the DCL and CAC systems (see *The Tools*) discussed above. In summary these policies are:

- Increased DCL rates which recover over two-thirds of growth costs (as opposed to one-third of growth costs under the interim rates) without limiting affordability or deterring development;
- The same DCL rate applied to both residential and commercial development, and a lower rate in industrial areas;
- A request to the provincial government for a Vancouver Charter amendment to permit DCL charges on projects with less than four units (Note: this Charter change has been made. This exemption will end on February 1, 2007);
- Expanded DCL rate relief for those institutions and non-profit organizations where the City already plays a role;

- Periodic review of DCL rates;
- Allocation of DCL revenue among the eligible types of projects in proportion to their growth costs;
- A citywide CAC policy that divides re-zonings into three categories (standard, non-standard and exempt) based on site size, location and land use; and,
- Guidelines for determining what specific amenity will be provided by a CAC, including that it be provided on the site and/or in the community where the re-zoning occurs.

Area-specific DCLs and CACs

The City-wide DCL and CAC systems cover most of the city, but some sub-areas have their own charges based on previous area-specific planning, and are not the subject of the Financing Growth Report. Information bulletins on all the DCLs (Information Bulletin On Development Cost Levies) and CACs (Financing Growth Policies On Community Amenity Contributions - Through Re-zonings) are available at reception desks in Community Services in the East Wing, City Hall.

Contact Info

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